GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

CONSUMER AFFAIRS, FOOD AND CIVIL SUPPLIES DEPARTMENT – Approval of Standard Operating Procedure (SOP) for Acquisition of Fair Price Shops (FPS) as Business Correspondents (BCs) – Orders – Issued.

CONSUMER AFFAIRS, FOOD AND CIVIL SUPLLIES (CS.I) DEPARTMENT

G.O.Ms.No:20 Dated:23-12-2016
Read:

From the Director, Department of Financial Services, Ministry of Finance, Government of India, New Delhi, Memorandum No:F.No.9/312012-FI, dated:08-11-2016.

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ORDER:

Being a Regional Rural Banks catering mainly in rural area Financial Inclusion is a very good business opportunity to develop strong institution. However prohibitive costs involved in outreaching to hitherto excluded segment of society through regular branch model necessitated adoption of Bank Correspondent Agents (BCAs) model, based on Govt., RBI & NABARD instructions. Therefore based on this outsourcing of business model through BCAs s is proposed to be established in Bank.

2. Business Correspondent Agent (BCA) is a person or entity engaged by the Bank as intermediary to provide basic Banking services defined in Financial Inclusion, including permitted **FIANACIAL** Services on behalf of Bank. As per Reserves Bank of India Master circular no. RBI/2012-13/77 dated 02/07/2012; the banks may engage the following individuals/entities as BCAs.

I. Individuals like retired bank employees, retired teachers, retired government employees and ex-servicemen, individual owners of kirana/medical /Fair Price shops, individual Public Call Office (PCO) operators, agents of Small Savings schemes of Government of India/Insurance Companies, individuals who own Petrol Pumps, authorized functionaries of well run Self Help Groups (SHGs) which are linked to banks, any other individual including those operating Common Service Centres (CSCs).
II. NGOs/ MFIs set up under Societies/ Trust Acts and Section 25 Companies ;
III. Cooperative Societies registered under Mutually Aided Cooperative Societies Acts/ Cooperative Societies Acts of States/Multi State Cooperative Societies Act;
IV. Post Offices; and
V. Companies registered under the Indian Companies Act, 1956 with large and widespread retail outlets, excluding Non Banking Financial Companies (NBFCs).

Role & duties:-

a) The services to be provided by BCA are of following nature as per RBI master circular no RBI/2012-13/77 dated 02/07/2012.

b) The activities to be undertaken by the BCAs would be within the normal course of banking business. The services of BCA should include all services mentioned below & also he should carry our Financial Transactions **through Hand Held Devices or POS machines.** As per RBI circular BCA's services may include

i. Identification of borrowers.
ii. Collection and preliminary processing of loan applications including verification of primary information/data.
iii. Creating awareness about savings and other products and education and advice on managing money and debt counseling].
iv. Processing and submission of applications to banks.
v. Promoting, nurturing and monitoring of Self Help Groups/ Joint Liability Groups/Credit Groups/others.
vi. Post-sanction monitoring.
vii. Follow-up for recovery.
viii. Disbursal of small value credit. Recovery of principal/collection of interest.
ix. Collection of small value deposits.

x. Sale of micro insurance/ mutual fund products/ pension products/ other third party products

ii) Receipt and delivery of small value remittances/ other payment instruments.

3. Based on the above guidelines, the Government of India, NEW DELHI is looking to turn all Fair Price shops into business correspondents or bank mitras. Accordingly, the Department of Financial Services, Ministry of Finance, Government of India, New Delhi has prepared a Standard Operating Procedure (SOP) for acquisition of Fair Price Shops (FPS) as Business Correspondents (BCs) and circulated to all State Governments for information and necessary action.

4. Government after careful examination of the entire issue, hereby approve the following Standard Operating Procedure (SOP) for acquisition of Fair Price Shops (FPS) as Business Correspondents (BCs).

STANDARD OPERATING PROCEDURE (SOP) FOR ACQUISITION OF FAIR PRICE SHOPS (FPS) AS BUSINESS CORRESPONDENTS (BCs)

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1. A District Level Implementation Committee (DLIC) will be formed in all the districts of the Andhra Pradesh. Constitution of the Committee shall as following:

i . District Collector	:Chairman
ii. Lead Dist. Manager	:Convenor
iii. Dist. Level NIC representative	:Member
iv Regional / Zonal Heads of all Banks operating in the Dist.	:Member
v. Dist. level Food and Suplies Officer	:Member
vi. Repn. of Technology Provider of Micro-ATM	: Member

2. **A State Level Financial Inclusion Committee (SLFIC) has already been formed under the Chairmanship of Chief Secretary. The following issues may be add in the Checklist.**

I. Monitoring of the acquisition of Fair Price Shops (FPS) as Business Correspondents.

II. State Level issues pertaining to procurement of machines, connectivity, network.

III. Coordination with NIC.

3. **Fair Price Shops where Micro-ATMs are already procured and installed:**

i. Dist. Collector will ensure the participation of all FP shops in Financial Inclusion as BC partners of Banks

ii. Dist. Collector / Dist. Food & Supplies Officer will obtain the willingness/consent of FPS owners to function as BCs

iii. Acquisition of FP shops by the banks will be decided by the DLIC after consent forms have been received.

iv. In case, all the FP shops are not acquired by the banks, the DLIC may decide to allocate FPS to any bank in India having a proven track record of running BCs

v. All the aforementioned processes should be completed within 3 weeks

vi. Viability issues if any raised by existing B.C. may be addressed in DLIC on case to case basis.

4. Terms and Conditions for on boarding :

i. The BC services by FPS should be available minimum 20 days a month

ii. Fair Price Shops will be appointed as Addl. Business Correspondent.

iii. The Remuneration to FPS BCs is to be decided by acquiring banks as per extant policy of banks.

5. **Necessary Steps for implementation:**

i. Certification and training process to be conducted for FPS BCs by the Banks, where State Food and Civil Supplies Department officials should also be associated

ii. Monitoring of Technical and Software up-gradation for existing machines to be carried out by the DLIC in consultation with vendor, NIC and NPCI

iii. All the technology integration issues should be stored out locally by District Collector with the help of Vendors / NIC / Banks and NPCI (wherever required)

iv. Micro-ATMs procured for Fair Price Shops should be compliant with India Banks Association's notified standards in March, 2013 (1.5.1 version of MicroATM standards). In other words, they should support both card & pin based as well as Aadhaar number & biometric authentication based payments.

v. Banks would be given one month for training, certification, testing and operationalisation of inter-operable Micro-ATM through NPCI.

vi. Grievance redressal system will also be put into place by the identified bank & these will be monitored by the DLIC for public and Fair Price Shop owner.

vii. Cost, if required for the upgradation of Micro-ATM shall be borne by the vendor or Banks.

viii. Special emphasis should be given for monitoring the PoS based system once it is operationalised. Inter-operability of the Micro-ATMs to be reviewed regularly.

6. Fair Price Shops Where Micro-ATM is yet to be procured :

i. Micro-ATMs to be procured by State Government, compliant with specifications communicated by Indian Banks Association's notified Micro-ATM standards 1.5.1. Micro-ATM standards can be found in the link

ii. Acquisition / allocation of Fair Price Shops by Banks as BC to follow the same procedure as mentioned in point 3 above

7. List of banking services to be provided by Fair Price Shops as BCs :

i. Identification of borrowers

ii. Collection of small value deposits

iii. disbursal of small value credit

iv. Sale of micro insurance / mutual fund products/ pension products / other third party products.

v. Receipt and delivery of small value remittances / other payment instruments.

vi. Collection and preliminary processing of loan applications including verification of primary information / data

vii. Creating awareness about savings and other products and education and advice on managing money and debt counseling.

viii. processing and submission of applications to banks

ix. Promoting nurturing and monitoring of Self Help Groups / Joint Liability Groups/ Credit Groups / others

x. Post-sanction monitoring

xi. Follow-up for recovery

xii. Recovery of principal / collection of interest.

5. The Collector and District Magistrates of all Districts is requested to take necessary action accordingly.

6. This order issues with the concurrence of Finance Department vide their UO.No.24023/16/2016, Fin(Admn.DI&IF) Department dated.30/11/2016.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B.RAJSEKHAR.
EX.OFFICIO SECRETARY TO GOVERNMENT

TO

All the Collector and District Magistrates, Andhra Pradesh.
The Commissioner Civil Supplies Department, Government of A.P., Gollapudi, Vijayawada.
The Vice-chairman and Managing Director, A.P. State Civil Supplies Corporation Ltd., Hyderabad.
Copy to:
The P.S. to Principal Finance Secretary to Government, Finance Department, Government of A.P., Velagapudi.
The OSD to Hon'ble Minister for Civil Supplies, A.P. Velagapudi
The OSD to Hon'ble Minister for Finance, Govt of A.P. Velagapudi.
The P.S. to Chief Secretary to Government , A.P. Velagapudi
SF/SC

// forwarded by order //

SECTION OFFICER.